

September 22, 2005

MEMORANDUM TO: James W. Clifford, Acting Chief
Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards

THRU: Brian W. Smith, Chief /RA/
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

FROM: Yawar H. Faraz /RA/
Senior Project Manager
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

SUBJECT: SEPTEMBER 13, 2005, MEETING SUMMARY:
USEC INC. QUARTERLY MANAGEMENT MEETING

On September 13, 2005, U.S. Nuclear Regulatory Commission (NRC) staff met with management staff from USEC Inc. to discuss project status and management issues related to USEC Inc.'s application for a gas centrifuge uranium enrichment facility proposed to be constructed and operated in Piketon, Ohio. I am attaching the meeting summary for your use. This summary contains no proprietary or classified information.

Docket: 70-7004

Enclosure 1: NRC/USEC Inc. Senior Management Meeting Summary
Enclosure 2: Attendee list
Enclosure 3: Meeting agenda

cc: (Cover Memo and Enclosure 1)

William Szymanski/DOE	Michael Marriotte/NIRS	Dan Minter/SODI
Carol O'Claire/Ohio EMA	James Curtiss/W&S	Randall DeVault/DOE
Lindsay Lovejoy/NIRS	Rod Krich/LES	Peter Miner/USEC Inc.
Rocky Brown/Mayor of Beaver	Jim Brushart/Pike Co. Comm.	Geoffrey Sea
David Bowe/SPFPA/USEC	Teddy West/Scioto Twp. Trust.	Roger Suppes/Ohio DoH
Billy Spencer/Mayor of Piketon	Vina Colley/PRESS	Donald Silverman/Morgan Lewis
Harry Rioer/Pike Co. Comm	Larry Scaggs/Seal Twp.Trust.	Mary Glasgow/Cong.Schmidt
Robert Huff/Portsmouth CoC	Ted Wheeler/Pike County Aud.	Marvin Jones/Chillicothe CoC
Kara Willis/Gov. Taft's Reg. 7	Ewan Todd/PRESS	Dan Horner/McGraw Hill

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USEC Website: Memo and all attachments

ML052590344(Package)

OFC	MOFLS	GCFLS	GCFLS	OGC	GCFLS
NAME	ISpivack :bkh1	YFaraz	LMarshall	LClark	BSmith
DATE	09/20/05	09/16/05	09/21/05	09/21/05	09/22/05

OFFICIAL RECORD COPY

NRC/USEC Inc. Senior Management Meeting Summary

Date: September 13, 2005

Place: U.S. Nuclear Regulatory Commission (NRC) Offices; Rockville, Maryland

Attendees: See Enclosure 2

Purpose:

The purpose of this meeting was to discuss project status and management issues related to the NRC's review of USEC Inc.'s (USEC's) application for a gas centrifuge uranium enrichment facility, the American Centrifuge Plant (ACP), proposed to be constructed and operated in Piketon, Ohio. The meeting agenda is in Enclosure 3.

Discussion:

After introductions, Mr. Jack Strosnider, Director of the Office of Nuclear Material Safety and Safeguards, opened the fourth USEC quarterly management meeting by stating that the review of the application is going well. He said that the NRC issued the draft Environmental Impact Statement (DEIS) on September 1, 2005, and that there is a 45 day comment period beginning on September 9 and ending on October 24, 2005. He also stated that the EIS remains on a 20-month review schedule, while the Safety Evaluation Report (SER) is on an 18-month schedule. The NRC anticipates that the final EIS will be published by next April and the SER by next February. He also noted that since the previous quarterly meeting held last June, the timeliness and quality of USEC's responses addressing issues raised by the NRC has improved. However, the NRC still has some remaining technical issues that need to be resolved and the NRC staff is working diligently with USEC staff to resolve them. USEC's continued cooperation and high quality submittals are necessary to meet the schedule.

Mr. Phil Sewell of USEC indicated that USEC was pleased with NRC's progress in its reviews. He said that USEC was very pleased to see the publication of the DEIS and is looking forward to the NRC's public meeting for comments on the DEIS, which is scheduled for September 29, 2005, in Piketon. Mr. Sewell stated that USEC is looking forward to the Atomic Safety Licensing Board's (ASLB) ruling on the contentions, which is anticipated to be issued in September 2005. Mr. Sewell indicated that USEC will work with the NRC to resolve any remaining open issues. He added that USEC remains focused on providing high quality, timely, and complete responses to NRC requests. Mr. Sewell indicated that the communication between NRC and USEC remains excellent. In particular, he stated that the conference calls and meetings to discuss technical issues have proved to be very beneficial to USEC by providing more insight and a better understanding of the issues.

Mr. Brian Smith then discussed the schedule, licensing status, and current issues in the areas of safety and safeguards. He stated that the NRC's safety and safeguards reviews are on schedule and reiterated that the staff intends to issue the SER in February 2006. He noted that USEC's timely responses to NRC questions has been very helpful to the process.

Mr. Smith made the following remarks regarding the licensing status:

- NRC technical staff conducted several conference calls to close open issues. The NRC staff found USEC staff to be very candid and responsive during these calls.
- USEC has provided a few revisions to the license application and ISA Summary in response to the open issues. These revisions are reviewed by the staff as they are received and issues are discussed with USEC as needed.
- On August 8, NRC staff participated in a closed meeting between USEC, Department of Energy (DOE), NRC and NAC to discuss Nuclear Materials Management and Safeguards System (NMMSS) reporting requirements that will apply to the Lead Cascade and the ACP. This was a very productive meeting.
- NRC technical staff conducted a second on-site vertical slice review of the Integrated Safety Analysis (ISA) Summary in mid-August. A revision to the ISA Summary is expected to be submitted that addresses the issues raised during this visit. The USEC staff were very helpful during the visit and the tours of applicable areas of the Gaseous Diffusion Plant (GDP) were very beneficial to the NRC staff.
- The NRC staff is reviewing all of the recent USEC submittals and will work with USEC to resolve the remaining issues.
- On July 7, the NRC staff issued a letter requesting USEC to resubmit documents previously marked sensitive as per the December 2004 sensitive information screening process criteria. USEC submitted a revised application on August 30, 2005. The NRC is in the process of putting the document in Agencywide Documents Access and Management System (ADAMS).
- On July 28, the NRC staff issued a letter by which it requested USEC to resubmit documentation containing proprietary information. USEC provided a response to this request on September 1. The response is currently under NRC staff review.
- On June 29, the NRC staff participated in the International Atomic Energy Agency's (IAEA) visit to the Lead Cascade.
- On September 9, NRC issued a letter documenting its completed review of USEC's changes made to the Lead Cascade facility in 2004 per 10 CFR 70.72.
- The staff will continue to work with USEC to close out the remaining issues.

Mr. Smith next discussed the remaining open issues. He stated that most issues remain in three main categories: criticality safety, decommissioning financial assurance; and ISA Summary. The criticality safety open issues regarding the computer code validation report will be discussed at a closed meeting on September 14, 2005. With respect to decommissioning financial assurance, USEC recently adjusted the cost for tails disposition. The NRC discussed this adjustment in a conference call with USEC on September 9, 2005. The NRC is awaiting USEC's responses to the issues raised at the recent on-site ISA Summary review and recent conference calls, the associated license application revisions, and ISA Summary revisions.

In closing, Mr. Smith stated that NRC expects to soon receive DOE's input on the draft DOE/NRC Memorandum of Understanding (MOU) for the ACP.

Ms. Jennifer Davis discussed the schedule, status, and current issues pertaining to the NRC's review of the Environmental Report (ER) for the ACP. Ms. Davis stated that the DEIS was issued on September 1, 2005, and the comment period began on September 9 and runs through October 24, 2005.

Ms. Davis stated that there will be a public meeting on the DEIS in Piketon, OH, on September 29, 2005. The current schedule calls for the staff to issue the final EIS by mid-April 2006.

Mr. Smith then stated that since the last quarterly meeting, the ASLB held a pre-hearing conference with the parties on July 19, 2005, to discuss the contentions raised by Geoffrey Sea and PRESS. The ASLB then issued a memorandum on September 1, 2005, in which it indicated that it anticipates issuing its ruling in September on the admissibility of the contentions filed by Geoffrey Sea and PRESS.

The meeting was then opened for questions and comments from members of the public. Mr. Dan Horner of McGraw Hill asked the NRC about the revised cost estimate for disposition of tails. Mr. Yawar Faraz stated that USEC revised its cost estimate from \$3.00/kg Uranium (U) to a range between \$3.00/kg U and \$4.83/kg U. Mr. Faraz added that USEC will provide financial assurance at the \$4.83/kg U level. He stated that USEC's revision is currently under NRC review. Mr. Horner inquired about the status of the Lead Cascade. Mr. Faraz stated that according to USEC's recent press release, the Lead Cascade will begin to operate in the first half of 2006. USEC is required to give NRC a 60 day notice prior to introducing UF₆ gas into the facility. Mr. Horner also asked about the ASLB schedule, and how that would affect the NRC license review. Mr. Faraz stated that the ASLB schedule does not affect the NRC staff's licensing review schedule.

Mrs. Cheryl Moss Herman asked Mr. Brian Smith to summarize the purpose of the MOU between the NRC and DOE. Mr. Smith responded by stating that the MOU between NRC and DOE will provide a mechanism for transferring regulatory oversight from DOE to NRC since an NRC licensed facility will be located on a DOE site. Mr. Faraz added that the purpose of the MOU is to avoid dual regulation of USEC related to the ACP, while at the same time ensuring that there are no gaps in regulatory oversight. Responding to another question from Ms. Herman, Mr. Smith clarified that a certificate of compliance for the current GDP, which is in cold standby, will be maintained separately from any license for the ACP, as these are separate facilities.

Mr. Stronsider concluded the meeting by reiterating the importance of the NRC's review to ensure protection of the environment and the public, and the need for continued good communications and interactions between USEC and NRC to facilitate an effective and efficient review.

The meeting was then adjourned.

Action Items

No action items.

USEC Inc. Quarterly Management Meeting Agenda
September 13, 2005

Purpose/Introductions

Project Status

Management Issues

Questions and Answers